

Message Text

UNCLASSIFIED

PAGE 01 TOKYO 06926 01 OF 02 120449Z
ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-07 FRB-01 INR-07 IO-13 NEA-10 NSAE-00
USIA-15 OPIC-06 SP-02 TRSE-00 LAB-04 EPG-02
SIL-01 AGRE-00 OMB-01 SS-15 NSC-05 STR-04 ITC-01
/122 W

-----120512Z 042140 /12

R 120426Z MAY 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 7657
INFO USMISSION EC BRUSSELS
USMISSION OECD PARIS

UNCLAS SECTION 1 OF 2 TOKYO 6926

DEPARTMENT PASS ALL OECD CAPITALS

E.O. 11652: N/A
TAGS: EGEN, JA, PFOR
SUBJECT: JAPANESE REACTIONS TO ECONOMIC DISCUSSIONS AT LONDON
SUMMIT

1. SUMMARY: PUBLISHED JAPANESE REACTION TO SUMMIT SHOWED APPRECIATION OF COOPERATIVE SPIRIT WITH SOME MILD DISAPPOINTMENT AT LACK OF CONCRETE RESULTS. PRIME MINISTER EXPRESSED PLEASURE AT SUCCESS OF MEETING, AND JAPANESE WERE GENERALLY RELIEVED NOT TO BE MADE ISOLATED TARGETS FOR ADVICE OR CRITICISM REGARDING TRADE, MACROECONOMIC, AND FOREIGN EXCHANGE POLICIES; BUT THEY FELT A NEED TO PREPARE FOR POSSIBLE FUTURE FOREIGN ECONOMIC POLICY CONTINGENCIES AND REPEATEDLY ACKNOWLEDGED IMPORTANCE OF AVOIDING "TORRENTIAL EXPORTS" INUNDATING DOMESTIC INDUSTRIES IN PURCHASING COUNTRIES. OECD TRADE PLEDGE THEY NOTED, WAS NOT RENEWED IN LONDON. UNIFIED FRONT OF OPEN MINDS REGARDING COMMON FUND WAS VIEWED WITH COMPLACENCY AND PRIME MINISTER SAID ON HIS RETURN THAT HE EXPECTS A COMMON FUND
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 06926 01 OF 02 120449Z

"WILL BECOME NECESSARY". ONE NEWSPAPER RECOMMENDED THAT PRIME MINISTER INTRODUCE STRONG ENERGY POLICY, FOR WHICH PRESIDENT'S MANAGEMENT OF THE U.S. ENERGY ISSUE COULD PROVIDE USEFUL POINTERS. END SUMMARY.

2. THE NIHON KEIZAI SHIMBUN (5/10) OFFERED AN ACCOUNT OF THE JAPANESE GOVERNMENT'S IMMEDIATE RESPONSE TO THE

SUMMIT MEETING. SOME DOUBT, THE PAPER NOTED, HAD EMERGED ABOUT THE FUTURE OF FREE TRADE, WITH FRANCE, ITALY, AND ENGLAND FAVORING SOME KIND OF MANAGED TRADE SYSTEM. JAPANESE OFFICIALS PLAN TO STRENGTHEN ADMINISTRATIVE GUIDANCE TO INDIVIDUAL EXPORT INDUSTRIES SO AS TO PREVENT TOO RAPID EXPORT INCREASES IN SINGLE PRODUCT GROUPS, TO CONSIDER INTRODUCING AN "AUTOMATIC SELF-RESTRAINT" SYSTEM WHICH WOULD GO INTO EFFECT IF CERTAIN EXPORTS EXCEEDED GIVEN LEVELS; AND TO INCREASE IMPORTS THROUGH(AMONG OTHER MEASURES) ABOLISHING NTBS.

3. THE NIHON KEIZAI SHIMBUN ALSO NOTED THAT THE OECD TRADE PLEDGE HAD NOT BEEN REPEATED BY THE PARTICIPANT NATIONS IN LONDON, AND THAT A "HALF STEP BACKWARD" HAD BEEN TAKEN WITH RESPECT TO THE TOKYO ROUND. DESPITE THE MENTION OF EASING IMPORT RESTRICTIONS, THE JAPANESE (REPORTED THE NEWSPAPER) CAN BE SAID TO BE PULLING BACK FROM THEIR INSISTENCE ON FREE TRADE; THE MOVEMENT AWAY FROM FREE TRADE WHICH MAY SPREAD AROUND THE WORLD, IS BEING TAKEN VERY SERIOUSLY. IN VIEW OF THE NEW "LIBERAL (NOT FREE) TRADE" SITUATION, MITI FEELS OBLIGED TO REVIEW ITS COMMERCIAL POLICY, THE PAPER CONTINUED.

4. THE INTENTION NOT TO PERMIT "TORRENTIAL EXPORTS" MIGHT IMPLY A REDUCTION OF THE CURRENT JAPANESE DEMAND FOR A QUOTE OF TWO MILLION COLOR TV SETS FOR EXPORT TO THE UNITED STATES. SELF-RESTRAINT ALSO COULD OCCUR IN RESPECT TO CARS DESTINED FOR THE UNITED UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TOKYO 06926 01 OF 02 120449Z

STATES.

5. THE NIHON KEIZAI SHIMBUN REPORTED ALSO THAT THE GOVERNMENT WAS RELIEVED AT THE ABSENCE FROM THE SUMMIT DECLARATION OF COMMENTS ON FOREIGN EXCHANGE MATTERS. NEVERTHELESS THE JAPANESE GOVERNMENT PLANS TO ENCOURAGE AN OUTFLOW OF CAPITAL IN THE FORM OF FLOTATION OF YEN BONDS, THE PAPER SAID, AND IT WILL STUDY THE POSSIBILITY OF RADICALLY SIMPLIFYING FOREIGN EXCHANGE PROCEDURES, AND OF EASING THE PRESENT VERY STRICT FOREIGN EXCHANGE CONTROLS.

6. PRIME MINISTER FUKUDA, ON RETURNING TO TOKYO, STATED THAT HE EXPECTS A COMMON FUND WILL BECOME NECESSARY. DURING HIS LONDON PRESS CONFERENCE OF MAY 8 HE REITERATED HIS PROMISE TO ACHIEVE FOR JAPAN A 6.7 PERCENT GROWTH RATE IN FISCAL 1977 AND STRUCK A SERIES OF OTHER POSITIVE NOTES: THE LEADERS' AGREEMENT TO RESIST PROTECTIONISM, JAPAN'S

SUCCESSFUL AVOIDANCE OF COMPROMISE ON TRADE ISSUES,
HER AGREEMENT THAT "TORRENTIAL EXPORTS"
SHOULD BE AVOIDED, AND THE PARAMOUNT IMPORTANCE OF
WORLD ECONOMIC RECOVERY IN SOLVING THE NORTH-SOUTH,
UNEMPLOYMENT AND TRADE PROBLEMS.

7. ON THE MATTER OF NORTH-SOUTH RELATIONS, FINANCE
MINISTER BOH ACKNOWLEDGED MAY 11 THAT JAPAN "MUST
MAKE UTMOST EFFORTS" TO HELP SOLVE THE DEFICIT AND
OTHER PROBLEMS FACED BY THE POOREST COUNTRIES; HE
RECOMMENDED THAT THE WORLD BANK AND OTHER ORGANI-
ZATIONS BE STRENGTHENED FOR THIS PURPOSE.

8. POLITICAL PARTY COMMENT WAS PREDICTABLY DIVIDED
BETWEEN PRAISE FROM THE RULING LIBERAL DEMOCRATIC
SPOKESMAN, SECRETARY GENERAL OHIRA, AND GENERALLY
UNFAVORABLE REACTIONS FRM THE FOUR OPPOSITION
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 TOKYO 06926 01 OF 02 120449Z

PARTIES. OHIRA REFERRED TO "PROGRESS" IN THE
"STRENGTHENING OF THE OPEN (TRADE) STRUCTURE". THE
OPPOSITION PARTY SPOKESMEN ALL REFERRED TO THE LACK
OF CONCRETE RESULTS EXCEPT FOR THE JAPAN COMMUNIST
PARTY, WHOSE REFERENCE TO "HEAVY SACRIFICES" IMPOSED
"ON THE PEOPLE" BY THE PRIME MINISTER'S COMMITMENT
TO AN "INFLATIONARY (GROWTH) POLICY" SOUNDS LIKE AN

NOTE BY OC/T: NOT PASSED ALL OECD POSTS.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 TOKYO 06926 02 OF 02 120452Z
ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-07 FRB-01 INR-07 IO-13 NEA-10 NSAE-00
USIA-15 OPIC-06 SP-02 TRSE-00 LAB-04 EPG-02
SIL-01 AGRE-00 OMB-01 SS-15 NSC-05 STR-04 ITC-01
/122 W

-----120511Z 041935 /12

R 120426Z MAY 77

FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 7658
INFO USMISSION EC BRUSSELS
USMISSION OECD PARIS

UNCLAS SECTION 2 OF 2 TOKYO 6926

EMANATION FROM THE BANKING WORLD. KEIDANREN
PRESIDENT DOKO ADDED TO THESE COMMENTS HIS PRAISE
OF THE AGREEMENT TO PROMOTE RECOVERY HE URGED THE
GOVERNMENT TO MEET ITS FISCAL 1977 GROWTH TARGET,
AND PROMISED TO WORK ON PREVENTING "TORRENTIAL
EXPORTS".

9. ASAHI SHIMBUN (5/10) EXPRESSED SATISFACTION IN
THE SUMMIT LEADERS' HAVING RECONFIRMED THEIR SENSE THAT
THEIR RESPECTIVE COUNTRIES HAVE CAST THEIR LOT TOGETHER
AND ARE PLANNING TO FACE FUTURE CHALLENGES AS A GROUP,
EVEN THOUGH ADJUSTMENT OF CONCRETE DIFFERENCES DID
NOT OCCUR AT THE MEETING. AREAS OF AGREEMENT AND
DISAGREEMENT EMERGED MORE CLEARLY THAN HAD BEEN THE CASE AT
THE PREVIOUS SUMMIT. A SPDCIAL FEATURE OF THE MEETING WAS A STRONG
ACCENT ON THE LONG VIEW, WITH IMPLICATIONS FOR JAPAN'S FUTURE
POLITICAL AND ECONOMIC STRATEGY. ON THE WHOLE, IN MEETING THE
ECONOMIC "PEACETIME CRISIS", ASAHI CONCLUDED, THE
GROUP SHOWED AN INCREASING SENSE OF RESPONSIBILITY.

10. ON JAPANESE ECONOMIC MANAGEMENT, THE SAME NEWSPAPER
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 06926 02 OF 02 120452Z

(MAY 10) EXPRESSED GRATIFICATION AT UNDERSTANDING
SHOWN BY FOREIGN LEADERS. IN THE WAKE OF THE UNITED
STATES TAX CUT WITHDRAWAL, THE JAPANESE WERE NOT
STERNLY WARNED TO EXPAND THEIR ECONOMY MORE RAPIDLY.
THE ATMOSPHERE FOR EXPORTS, HOWEVER, REMAINS THREATENING.
THE OECD TRADE PLEDGE REAFFIRMED AT RAMBOUILLET AND
SAN JUAN WAS NOT REPEATED. JAPAN PLANS TO CLEAR
UP MISUNDERSTANDINGS TO THE EFFECT THAT THE JAPANESE
COMMERCIAL SYSTEM IS IN ITSELF A NON-TARIFF BARRIER.
ASAHI ASSERTED THAT FUKUDA'S SAYING JAPAN SHOULD
REFRAIN FROM "TORRENTIAL EXPORTS" DOES NOT TIE JAPAN'S
HANDS WITH RESPECT TO THE COLOR TV NEGOTIATIONS.
ASAHI NOTED WITH SATISFACTION THAT THE WHOLE GROUP
FOR THE FIRST TIME HAD EXPRESSED ITS READINESS TO
ESTABLISH A COMMON FUND: PERHAPS SUCH A STEP WOULD
OPEN THE WAY TO A TRUE NORTH-SOUTH DIALOGUE.

11. MAINICHI SHIMBUN (5/10), MORE CRITICALLY, LED
OFF ITS EDITORIAL WITH THE COMMENT THAT AN ALMOST
COMPLETE LACK OF CONCRETE ECONOMIC MEASURES AGAIN

HAD THROWN INTO RELIEF THE DISTRESS OF THE WEST. CARTER PREFERRED A PHILOSOPHICAL DISCUSSION TO TECHNICAL RESULTS. IT IS NECESSARY TO ESTABLISH SOME LONG TERM POLITICAL, ECONOMIC, AND SOCIAL EXPECTATIONS FOR THE WEST BUT LITTLE HAS BEEN DONE IN THIS DIRECTION. JAPAN WAS NOT ISOLATED AT THE SUMMIT, AS EARLIER HAD BEEN FEARED, MAINICHI CONTINUED, BUT SHE NOW HAS THE HEAVY RESPONSIBILITY OF DEVISING A LONG-TERM STRATEGY TO COPE WITH FUTURE PROBLEMS. REFERRING TO JAPAN'S RECENT EXPANSIONARY POLICIES, MAINICHI SAW HOVERING OVER THEM THE "GHOST OF THE HIGH GROWTH AREA." IT IS THE FASHION NOT TO WORRY ABOUT PRICES, MAINICHI CONCLUDED, BUT SHOULDN'T WE?

12. A YOMIURI SHIMBUN EDITORIAL (5/10) NOTED THAT ALTHOUGH THE ECONOMIC CRISIS HAS NOT BEEN RESOLVED, UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TOKYO 06926 02 OF 02 120452Z

THE LEADERS ARE AWARE OF THE DIFFICULTIES THEY FACE AND ARE NOT OVER-OPTIMISTIC AS WAS THE CASE AT SAN JUAN. IF, HOWEVER, SUPERFICIAL POLICIES ARE ADOPTED TO MEET THE DIFFICULTIES, REAL SOLUTIONS WILL NOT BE FORTHCOMING. AT THE NEXT SUMMIT, IF WORLD CONDITIONS DO NOT IMPROVE, THE AUTHOR FEARS JAPAN MAY COME IN FOR SOME SHARP CRITICISM. WITH REGARD TO ENERGY, PRIME MINISTER FUKUDA SHOULD EXERCISE STRONG LEADERSHIP. AMERICA'S AND JAPAN'S SITUATIONS ARE NOT THE SAME BUT PRESIDENT CARTER'S EXAMPLE MAY BE HELPFUL AS A POINT OF REFERENCE. SHOESMITH

NOTE BY OC/T: NOT PASSED ALL OECD CAPITALS.

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, MEETING REPORTS, SUMMIT MEETINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TOKYO06926
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770167-0036
Format: TEL
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770564/aaaacddm.tel
Line Count: 260
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: dc8c3895-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 11-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2545017
Secure: OPEN
Status: NATIVE
Subject: JAPANESE REACTIONS TO ECONOMIC DISCUSSIONS AT LONDON SUMMIT
TAGS: EGEN, PFOR, JA, XX
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/dc8c3895-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009